

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  MIDAMERICAN ENERGY COMPANY	DOCKET NO. EPB-04-156
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**ORDER ADDRESSING COMPLETENESS OF EMISSIONS FILING, REJECTING  
REQUEST TO RULE ON REASONABLENESS OF EXPENDITURES,  
APPROVING SETTLEMENT, AND SETTING FILING DATE**

(Issued October 4, 2004)

On March 26, 2004, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) an updated multiyear plan and budget (2004 Plan Update) for managing regulated emissions from its electric power generating facilities located in Iowa that are fueled by coal. Pursuant to Iowa Code § 476.6(25) (2003), updates to the plan and budget are to be filed at least every 24 months.

MidAmerican and the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a proposed settlement agreement. The settlement stipulates that the 2004 Plan Update complies with Iowa Code § 476.25(6) and should be approved.

The Iowa Department of Natural Resources (IDNR) has an important role in the plan review process. Iowa Code § 476.6(25)"a"(4) provides, in part, that the DNR "shall state whether the plan or update meets applicable state environmental requirements for regulated emissions." If the answer is no, DNR shall recommend amendments that outline actions to bring the plan in compliance. The Board cannot approve a plan that does not meet applicable standards. Iowa Code § 476.6(25)"b."

While not a party to the settlement, the IDNR filed testimony on July 20, 2004, commenting on the 2004 Plan Update. The testimony indicated agreement with MidAmerican's projections of future regulatory issues. The IDNR submitted a letter on September 7, 2004, stating that the 2004 Plan Update, in conjunction with continued compliance with all permitting requirements and permit conditions, meets applicable state environmental requirements for regulated emissions. The IDNR stated that it did not believe it was necessary to hold a hearing in this docket. No other party requested a hearing. Because the IDNR has answered the question posed by the statute in the affirmative, the Board may decide whether to approve the plan.

Iowa Code § 476.6(25)"d" requires the Board to issue an order approving or rejecting the 2004 Plan Update within 180 days after the filing has been deemed complete. The Board finds the filing is complete and that additional information is not required to rule on the proposed settlement. The Board did not make this finding earlier because of the ongoing settlement discussions and IDNR's review process.

Although it was not part of the settlement, the Board notes that in its 2004 Plan Update MidAmerican requested a ruling that previous expenditures are in accordance with the approved initial plan. The Board will not grant the request. The rulings in the emissions plan proceedings have consistently held that the emissions plan review process is not the appropriate forum for examination of actual plan expenditures. See, MidAmerican Energy Company, "Proposed Decision and Order," Docket No. EPB-02-156, 3/19/03.

Turning to the settlement itself, the Board examines all settlements by the criteria found in 199 IAC 7.2(11). This rule provides that "[t]he board will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest."

MidAmerican's 2004 Plan Update is divided into two main sections, MidAmerican's assessment of future emissions requirements and MidAmerican's plan for meeting these requirements. The IDNR's testimony indicates that at this time it agrees with MidAmerican's projection of future regulatory issues. In addition, the IDNR states that the 2004 Plan Update, in conjunction with continued compliance with all permitting requirements and permit conditions, meets applicable state environmental requirements for regulated emissions.

MidAmerican's 2004 Plan Update adequately addresses costs, economic development, and reliability as provided in Iowa Code § 476.6(25)"c." MidAmerican's filing indicates that costs for installation of the controls for NO<sub>x</sub> emissions pursuant to this plan update will be less when compared to delaying the installations until a later time frame. MidAmerican indicates that no plant closures are involved and that plant outages necessary to install the equipment will not only be scheduled during low load periods but will also be staggered and spread over several years. MidAmerican's 2004 Plan Update reasonably balances costs, environmental requirements, economic development potential, and reliability of the generation and transmission system. The settlement endorses the time frame for the 2004 Plan Update, which is from April 1, 2004, through December 31, 2006. MidAmerican's next plan update will be due on or before April 1, 2006, for calendar years 2007 and 2008.

The Board will approve the settlement. The settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

**IT IS THEREFORE ORDERED:**

1. MidAmerican Energy Company's updated multiyear plan and budget for managing regulated emissions from its electric power generating facilities located in Iowa that are fueled by coal filed on March 26, 2004, is deemed complete pursuant to Iowa Code § 476.6(25)"d."
2. MidAmerican's request for a ruling that recent past plan expenditures are reasonable is rejected for the reasons set forth in the body of this order.
3. The settlement filed by MidAmerican and Consumer Advocate on May 25, 2004, is approved.
4. MidAmerican shall file its next plan update on or before April 1, 2006, for calendar years 2007 and 2008.

**UTILITIES BOARD**

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 4<sup>th</sup> day of October, 2004.